

Message Text

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TO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: TGEN, GW

SUBJ: OFFSET - CIVIL PROCUREMENT/RESEARCH AND DEVELOPMENT

REF: BONN 19159

1. RE SECTIONS 2, 5, 6, 7 AND 10 REF CABLE ON URANIUM PROSPECTING, WE WISH TO PROVIDE THE FOLLOWING COMMENTS:

A. GERMAN COMPANIES HAVE BEEN ENGAGED IN EXPLORATION FOR URANIUM IN THE U.S. SINCE 1968. ACTIVITIES HAVE BEEN CARRIED OUT BY TWO COMPANIES, URANERZBERGBAU AND URANGESELLSCHAFT, WHICH ARE LARGELY FINANCED BY MONEY FROM THE GERMAN GOVERNMENT. THE OBJECTIVE IS TO OBTAIN URANIUM FOR USE IN THE GERMAN NUCLEAR PROGRAM. REPORTEDLY 80 PERCENT OF PROJECT FUNDS ARE GOVERNMENT MONEY. EACH PROJECT PROPOSED BY THE COMPANIES IS SUBMITTED TO THE GOVERNMENT FOR APPROVAL AND REVIEWED BY THE GERMAN GEOLOGICAL SURVEY. A SIMILAR APPROACH HAS BEEN TAKEN ON EXPLORATION PROJECTS IN OTHER COUNTRIES INCLUDING CANADA, AUSTRALIA, INDONESIA, AND SEVERAL COUNTRIES IN AFRICA AND SOUTH AMERICA.

B. THE QUESTION OF INCLUDING EXPLORATION TYPE PROJECTS IN THE OFFSET AGREEMENTS WAS FIRST POSED TO USAEC (RAW MATERIALS
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GROUP OF THE DIVISION OF PRODUCTION AND MATERIALS MANAGE-

MENT) BY DR. K. KNOLLE OF URANGESELLSCHAFT ON MAY 30, 1973. HE WAS INTERESTED IN KNOWING IF THERE WOULD BE SUFFICIENT INTEREST IN THE U.S. TO WARRANT PROPOSING SUCH PROJECTS. HE WAS TOLD THAT IT WOULD BE WORTHWHILE PROPOSING EXPLORATION TYPE ACTIVITIES BUT, IN VIEW OF THE NEED FOR "ADDITIONALITY" THE ACTIVITIES PROPOSED SHOULD GO BEYOND THE NORMAL URANIUM EXPLORATION ACTIVITIES, SUCH AS THOSE ALREADY UNDERWAY BY HIS COMPANY. A SUGGESTION WAS MADE THAT PROJECTS SUCH AS GEOPHYSICAL SURVEYS OR GEOLOGIC STUDIES OF A RESEARCH NATURE AND CONCERNING BROAD GEOGRAPHIC AREAS, THE RESULTS OF WHICH WOULD BE MADE PUBLIC, WOULD MOST LIKELY MEET ADDITIONALITY TESTS AND TO DATE, FRG HAS NOT PROPOSED THESE PROJECTS.

C. IN VIEW OF THE HISTORY OF GERMAN EXPLORATION ACTIVITIES, IT APPEARS THAT THE PROJECTS UNDERWAY AND PLANNED FOR URANIUM EXPLORATION IN THE U.S. ARE PART OF THE NORMAL BUSINESS ACTIVITIES OF THE GERMAN COMPANIES. THEIR ACTIVITIES HAVE BEEN UNDERWAY IN THE U.S. AND ELSEWHERE FOR SEVERAL YEARS WITHOUT ANY CONNECTION TO THE OFFSET PROGRAM. THERE IS NO KNOWN BASIS FOR THEIR CONCLUSION THAT CURRENT EXPLORATION ACTIVITIES SHOULD BE ELIGIBLE UNDER THE OFFSET AGREEMENT.

2. THE ABOVE COMMENTS SHOULD BE PASSED ON TO FRG SOONEST. IF FRG WISHES TO PROPOSE NEW PROJECTS SUCH AS GEOPHYSICAL SURVEYS OR GEOLOGIC STUDIES OF A RESEARCH NATURE, WE WOULD BE GLAD TO CONSIDER THEM UNDER THE "ADDITIONALITY" CRITERIA.
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